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BICE FOR OFFICE OF STRATEGIC INVESTIGATIONS

E.O. 12958: N/A

TAGS: [BEXP](#) [ETRD](#) [ETTC](#) [PARM](#) [HK](#)  
SUBJECT: HKTID LETTER EMPHASIZES EXPORT CONTROL REQUIREMENTS

**¶1.** (SBU) Hong Kong Trade and Industry Department (HKTID) told us on April 2 that they have begun including with every import license for certain controlled electronic components (US 3A001) a letter that explains the control requirements. The licensee (importer) will be required to pass the letter to the recipient of the goods in Hong Kong. The letter, in English and Chinese, explicitly states that the license only authorizes the import of the licensed goods into Hong Kong. Subsequent re-export of the goods to a destination outside of Hong Kong must be covered by a Hong Kong export license issued by HKTID. The letter explains that U.S. origin strategic commodities (in this case - electronic components) may be imported into Hong Kong without a U.S. export license, but require a U.S. export license if exported to other destinations (i.e. mainland China). We believe that HKTID's action is in response to recent BIS end-use checks and related cases involving diversion of U.S. origin electronics through Hong Kong to mainland China where higher licensing requirements apply. While the direct impact on diversions of electronic components from Hong Kong to mainland China may be limited (the diverters are probably aware they are violating export control regulations and this letter will not stop them), the letter may make the eventual prosecution of diverters by the Hong Kong government more straight forward as it undermines the &ignorance of the licensing requirement8 defense.

**¶2.** Begin Text of HKTID Letter:

Important Note on Import and Re-Export of Strategic Commodities of US Origin

Import Licence No.

This note should be read carefully by all recipients in Hong Kong of the consignment (or any part of the consignment) covered by the above Import Licence. It should be passed to the new recipient of the goods whenever the goods are transferred in Hong Kong.

(1) The above Import Licence only authorises the import of the goods. Subsequent re-export of the goods to a destination outside Hong Kong must be covered by an export licence issued by the Director-General of Trade and Industry.

(2) Under the US export control regulations, US origin strategic commodities authorised to be exported to Hong Kong under U.S. licence exception may be subject to US individual licences when they are further re-exported to other destinations. In some other cases, U.S. origin strategic

commodities authorised to be exported to Hong Kong under US individual licences are not permitted to be re-exported to other destinations.

(3) Before arranging further re-export of strategic commodities which are originally authorised by the US authorities for export to Hong Kong for local consumption only, the relevant trader should ensure that there is an applicable licence exception or should seek re-export authorisation from the US authorities.

(4) For enquiries on the application for strategic commodities licences in Hong Kong, please approach:  
Strategic Trade Control Branch of the Trade and Industry Department

Tel: 2398 5575  
Email: stc@tid.gov.hk  
Address: Room 516B, 5F, Trade and Industry Department Tower, 700 Nathan Road, Mongkok  
Website: [www.stc.tid.gov.hk](http://www.stc.tid.gov.hk)

For more details on the requirements for the import and export of strategic commodities of US origin, please refer to Strategic Trade Controls Circular No. 3/2009 available at the above website.

(5) For enquiries on the export control regulations of the US, please visit the website of the Bureau of Industry and Security (BIS) of the US Department of Commerce ([www.bis.doc.gov](http://www.bis.doc.gov)).

Strategic Trade Controls Branch  
Trade and Industry Department  
DONOVAN